

Honorable Karen A. Overstreet
Chapter 11
Hearing Date: October 22, 2010
Hearing Time: 9:30 a.m.
Response Date: October 15, 2010

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re) No. 09-20780
THE CASCADIA PROJECT LLC,)
Debtor.) NOTICE OF PRESENTATION OF ORDER
RE COMMERCE BANK FUNDS

PLEASE TAKE NOTICE that the matter described below IS SET FOR
PRESENTATION as follows:

JUDGE: The Honorable Karen A. Overstreet

TIME: 9:30 a.m.

PLACE: 700 Stewart Street, Room 7206, U.S. Courthouse, Seattle WA 98101

DATE: October 22, 2010

At the above time and place, the Court will address the following matter:

Presentation of Order re Funds on Deposit at Commerce Bank.

Attached to this Notice is a copy of HomeStreet Bank's proposed Order re Funds on Deposit at Commerce Bank (the "Proposed Order"). For the reasons set forth therein, the Court should enter the Proposed Order.

IF YOU OPPOSE entry of the Proposed Order, you must file your written response with the Court clerk, serve two copies on the Judge's chambers and deliver copies to the undersigned

NOTICE OF PRESENTATION OF ORDER
RE COMMERCE BANK FUNDS -- 1

No. 09-20780

m41974-1469551.doc

GRAHAM & DUNN PC
Pier 70, 2801 Alaskan Way ~ Suite 300
Seattle, Washington 98121-1128
(206) 624-8300/Fax: (206) 340-9599

1 counsel for the Debtor NOT LATER THAN THE RESPONSE DATE, which is **October 15,**
2 **2010.**

3 DATED this 8th day of October, 2010.

4 GRAHAM & DUNN PC

5 By /s/ Mark D. Northrup

6 Mark D. Northrup

7 WSBA# 16947

8 Pier 70, 2801 Alaskan Way ~ Suite 300

9 Seattle, WA 98121-1128

10 Telephone: (206) 340-9628

11 Fax: (206) 340-9599

12 Email: mnorthrup@grahamdunn.com

13 Attorneys for HomeStreet Bank

14
15
16
17
18
19
20
21
22
23
24
25
26
NOTICE OF PRESENTATION OF ORDER
RE COMMERCE BANK FUNDS -- 2

No. 09-20780

m41974-1469551.doc

GRAHAM & DUNN PC

Pier 70, 2801 Alaskan Way ~ Suite 300

Seattle, Washington 98121-1128

(206) 624-8300/Fax: (206) 340-9599

Honorable Karen A. Overstreet
Chapter 11
Hearing Date: October 22, 2010
Hearing Time: 9:30 a.m.
Response Date: October 15, 2010

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re) No. 09-20780
THE CASCADIA PROJECT LLC,)
Debtor.) ORDER RE FUNDS ON DEPOSIT AT
COMMERCE BANK

This Order came on for presentation on the notice of HomeStreet Bank. The Court, having considered the contents of the proposed Order and being otherwise duly advised, hereby finds and

Orders as follows:

1. At the commencement of this case, the Debtor had on deposit with HomeStreet Bank ("HomeStreet") certain bond funds (collectively, the "Bond Funds") previously required to be posted by the City of Orting (\$110,500) and Pierce County (\$229,812.67). The Bond Funds constituted the cash collateral of HomeStreet. On November 3, 2009 the Court entered its Ex Parte Order Authorizing Transfer of Funds (Dkt. #37; the "Funds Transfer Order"), authorizing transfer of the Bond Funds to Commerce Bank as a U.S. Trustee-approved collateralized depository institution. The Funds Transfer Order (§ 5) provides that the transfer from HomeStreet to Commerce Bank has no effect on HomeStreet's lien on the Bond Funds.

ORDER RE FUNDS ON DEPOSIT AT
COMMERCE BANK -- 1

No. 09-20780

m41974-1464278.doc

GRAHAM & DUNN PC
Pier 70, 2801 Alaskan Way ~ Suite 300
Seattle, Washington 98121-1128
(206) 624-8300/Fax: (206) 340-9599

2. The Funds Transfer Order (¶ 2) provides that “withdrawal of the funds deposited with Commerce Bank pursuant to this order is subject to further order of this Court, on appropriate notice and the opportunity for a hearing.”

3. By its subsequent Order Granting HomeStreet Bank Relief from the Automatic Stay (Dkt. #547), the Court authorized HomeStreet to proceed with any and all actions necessary to realize on its collateral. On September 22, 2010, the Court entered its Order Denying Debtor's Emergency Motion to Re-Impose Automatic Stay (Dkt. #584).

4. On September 23, 2010, HomeStreet conducted a UCC Article 9 foreclosure sale of all its personal property collateral. By operation of law, HomeStreet became the owner of all its personal property collateral by submission of a credit bid at the foreclosure sale.

5. Following the foreclosure, HomeStreet requested that the Debtor simply authorize Commerce Bank to release the Bond Funds directly to HomeStreet but the Debtor has declined to do so.

6. In light of the foregoing circumstances and for the purpose of confirming the parties' technical compliance with the terms of the Funds Transfer Order (§ 2), the Debtor is hereby authorized: a) to release the Bond Funds (including any interest accrued thereon) from the Commerce Bank account(s); and b) to transfer the Bond Funds to HomeStreet, immediately upon entry of this order.

DATED this _____ day of October, 2010.

U.S. Bankruptcy Judge

Agreed to and Presented by:

GRAHAM & DUNN PC

By /s/ Mark D. Northrup

Mark D. Northrup

WSBA# 16947

Attorneys for HomeStreet Bank

ORDER RE FUNDS ON DEPOSIT AT
COMMERCE BANK -- 2

No. 09-20780

m41974-1464278.doc

GRAHAM & DUNN PC
Pier 70, 2801 Alaskan Way ~ Suite 300
Seattle, Washington 98121-1128
(206) 624-8300/Fax: (206) 340-9599